


BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2001-460-C - ORDER NO. 2001-1139

DECEMBER 21, 2001

IN RE: Petition of AT&T Communications of the)	ORDER GRANTING
Southern States, Inc. for Approval of Transfer)	MOTION FOR
of Certificate of Public Convenience and)	EXPEDITED REVIEW
Necessity to AT&T Communications of the)	AND APPROVING
Southern States, LLC (AT&T-LLC).)	TRANSFER OF
)	CERTIFICATE



This matter comes before the Public Service Commission of South Carolina (Commission) on the Petition of AT&T Communications of the Southern States, Inc. (AT&T) seeking approval to transfer its Certificate of Public Convenience and Necessity to AT&T Communications of the Southern States, LLC (AT&T-LLC). AT&T's request is made pursuant to S.C. Code Ann. Section 58-9-310 (Supp. 2000).

By its Petition AT&T states that AT&T is reorganizing its corporate structure by transferring operations to AT&T-LLC. AT&T-LLC was formed and incorporated in Delaware on July 12, 2001, and has received a Certificate of Authority to transact business in South Carolina from the Secretary of State of South Carolina. Following the reorganization, AT&T will cease to exist and all assets and liabilities of AT&T will transfer to AT&T-LLC.

AT&T asserts that the reorganization will result in cost savings, including tax savings, to AT&T-LLC, resulting from a more limited income tax liability. AT&T asserts that the reorganization, and resulting savings, will serve the public interest by allowing

AT&T-LLC to remain competitive in the current telecommunications environment. Further, AT&T offers that the reorganization will allow AT&T-LLC to provide more efficiently its services in South Carolina.

While the proposed reorganization will result in a change in the corporate structure of AT&T, AT&T states that the proposed reorganization will not change the ultimate upstream ownership by AT&T Corp. AT&T-LLC will be led by the same team of telecommunications managers, including existing AT&T Corp. personnel currently utilized by AT&T. Further, the services currently being provided by AT&T pursuant to its existing tariffs, service arrangements, and Commission authorizations will continue to be offered by AT&T-LLC. Unless and until superseding tariffs are filed, AT&T-LLC will continue operating pursuant to AT&T's existing tariffs.

Subsequent to the filing of AT&T's Petition, the Commission's Executive Director instructed AT&T to publish a prepared Notice of Filing in a newspaper of general circulation in the area affected by the Petition. The Notice of Filing provided details of the Petition and provided information for public participation in the proceedings concerning the Petition. As required by the Commission's Executive Director, AT&T provided an affidavit of publication of the Notice of Filing. No Petitions to Intervene were filed with regard to AT&T's Petition.

Following expiration of the return date by which Petitions to Intervene were to be filed, AT&T filed a Motion for Expedited Review of the Petition. By its Motion for Expedited Review, AT&T reasserts that the only change from the proposed reorganization is the form of the corporate entity and that there will be no change in the

ownership, management, or the way AT&T provides service to the public in South Carolina.

Further, AT&T advises the Commission that AT&T is seeking expedited disposition of the Petition because the merger of AT&T and AT&T-LLC cannot be closed until approval from Florida, Georgia, North Carolina, and South Carolina is obtained. AT&T provides intrastate telecommunications services in Florida, Georgia, North Carolina, and South Carolina and must obtain the requisite approvals in order to close the merger. AT&T advises the Commission that AT&T has obtained the necessary approval from the North Carolina Utilities Commission, that the matter is set before the Georgia Public Service Commission on December 18, 2001, and that AT&T is seeking expedited approval from the Florida Public Service Commission. Further, AT&T offers that each month the merger is delayed costs AT&T approximately \$555,000 in tax savings.

Filed with AT&T's Motion for Expedited Review is the verified testimony of Joseph Dodd, Tax Director – AT&T Corp. Mr. Dodd is responsible for planning and implementation of numerous restructurings enabling AT&T Corp. to operate in the most tax efficient manner possible. Mr. Dodd's testimony supports the information contained in AT&T's Petition to the transfer of the Certificate of Public Convenience and Necessity presently held by AT&T to AT&T-LLC.

S.C. Code Ann. Section 58-9310 (Supp. 2000) provides, in part,

No telephone utility, without the approval of the Commission after due hearing and compliance with all other existing requirements of the laws of the State in relation thereto, may sell, transfer, lease, consolidate, or

merge its property, powers, franchises, or privileges or any of them ...

As no person or entity has filed to intervene in the proceedings, the Commission grants AT&T's Motion for Expedited Review and will consider AT&T's Petition in the context of its regularly scheduled meeting on December 18, 2001. The Commission deems its discussion of the matter in the Commission meeting, with court reporter present, to constitute "due hearing" as required by S.C. Code Ann. Section 58-9-310 (Supp. 2000).

Based upon the record before it, the Commission makes the following Findings of Fact:

1. AT&T is a corporation organized and existing under the laws of the State of New York and is authorized by this Commission to provide local and intrastate long distance telecommunications services in South Carolina.
2. AT&T is reorganizing its corporate structure by transferring its operations to AT&T-LLC, which was formed and incorporated in the State of Delaware on July 12, 2001.
3. Following the reorganization and merger, AT&T will cease to exist and all assets and liabilities of AT&T will transfer to the newly created AT&T-LLC by operation of law.
4. The reorganization will result in a change in the corporate structure of AT&T, but the reorganization will not change the ultimate upstream ownership by AT&T Corp. AT&T-LLC will be a first tier subsidiary of AT&T Corp., and the former corporation, AT&T, will cease to exist subsequent to the merger.

5. For federal and state income tax purposes, single member limited liability companies are generally treated as divisions of their parent company except when an election to be treated as a separate corporation is made. Therefore, subsequent to the merger, AT&T-LLC will be treated, for federal and state income tax purposes, as a division of AT&T Corp.

6. The proposed reorganization will only change the form of the business entity of AT&T. Under the reorganization proposed, all operations, assets, and liabilities of AT&T will be transferred to AT&T-LLC. The reorganization will not disrupt service or adversely affect the customers of AT&T in South Carolina. There will be no change to the technical, financial, or managerial resources that are in place and available to serve customers in South Carolina.

7. The services currently being provided by AT&T pursuant to its existing tariffs, service arrangements, and Commission authorizations will continue to be offered by AT&T-LLC. Unless and until superseding tariffs are filed, AT&T-LLC will continue operating pursuant to AT&T's existing tariffs.

8. The reorganization will result in significant cost savings, of approximately \$6 million dollars, to AT&T-LLC.

9. The efficiencies AT&T gains as a result of the merger will afford AT&T-LLC the opportunity to remain competitive in the rapidly changing competitive environment.

Based upon the above stated Findings of Fact, the Commission concludes that AT&T should be authorized to transfer its Certificate of Public Convenience and Necessity to the newly-created AT&T-LLC.

IT IS THEREFORE ORDERED THAT:

1. AT&T's Motion for Expedited Review is granted.
2. AT&T's Petition for Approval of Transfer of Certificate of Public Convenience and Necessity is approved, and AT&T is authorized to transfer its Certificate of Public Convenience and Necessity to AT&T-LLC.
3. Upon consummation of the reorganization, AT&T is authorized to assign all contracts as necessary or desirable to AT&T-LLC.
4. The requirements and authorizations of all Commission Orders to which AT&T is currently subject will henceforth be binding on and apply to AT&T-LLC.
5. AT&T-LLC may operate pursuant to AT&T tariffs filed with the Commission unless and until superseding tariffs are filed.
6. AT&T-LLC may appear in all Commission proceedings in place of and with all rights and obligations currently held by AT&T.

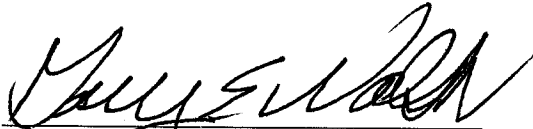
7. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:


Executive Director

(SEAL)